

77-1199

OTR 77-7175

3 March 1977

MEMORANDUM FOR: Deputy Director for Administration

FROM : Harry E. Fitzwater
Director of Training

SUBJECT : Creativity, Controls, and Ethics

1. This memorandum is to advise you of actions being taken as a result of the meeting with the ADCI on "creativity" held on 7 February 1977. At that meeting the Office of Training (OTR) was charged with introducing special seminars into the curricula of the Senior Seminar and Midcareer Course to discuss creativity, controls, and ethics. Accordingly, subtopics related to these areas of interest are being compiled by working groups within OTR. The curricula of the two courses are being adjusted to provide a period for discussion of a particular subtopic to be selected by each class. The classes may select subtopics not provided by OTR if these are considered by the course leaders and the Center for the Study of Intelligence to be appropriate.

2. The results of these seminars will be written up and reviewed to determine if any central themes are emerging. If central themes of interest emerge from these discussions, an Agency symposium will then be proposed to discuss the themes and proposals for further advisable action.


3. In addition to the above, the subject of creativity will be covered in the curriculum of the new "Program in Creative Management." As reported to you earlier, this training is being tailored after the program developed by the Center for Creative Leadership, Greensboro, North Carolina. The program is designed for mid-level managers and will devote one full day to "creativity." This session permits the participants to cover the mental processes related to creativity and provides an opportunity to work with live problems from different and unique perspectives. In addition to this coverage of how creativity develops and functions, the Program in Creative

SUBJECT: Creativity, Controls, and Ethics

Management will be adapted to examine the issues of ethics and creativity in the intelligence process.

4. We will keep you advised of the results of each seminar and any recommendations that may develop. If you have topics of particular interest related to the subjects, we would be glad to incorporate them into the Senior Seminar or Midcareer Course.

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Harry E. Fitzwater

DDA

Registry Background

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology

FROM : E. H. Knoche
Acting Director of Central Intelligence

SUBJECT : Recommendations of Seminars on Creativity
and Ethics

1. As you are aware, two seminars dealing with the subject of creativity and ethics in CIA have been conducted in recent months under the auspices of the Center for the Study of Intelligence. The first seminar was composed of senior Agency officers while the second seminar group was made up of younger personnel and included a broader representation of the Agency population. With a few exceptions, the conclusions of the two groups tended to coincide as regards basic issues. I believe the findings that have resulted are thoughtful and deserving of serious study regarding implementation.

2. As a result of a recent discussion I had on this matter, it was concluded that all the recommendations do not necessarily lend themselves to across-the-board Agency implementation, at least in terms of applicability or emphasis. Another question presents itself and that is whether or not a more broad-based constituency would agree with the findings. In order to pursue both these points, I would appreciate your doing the following. In the course of the next two months would you or your Deputy hold a special staff meeting with each of your operating components to discuss these findings. I believe some are more applicable to specific Directorates than to the Agency as a whole. Your meetings would be helpful in validating this opinion. Such meetings also would either enhance the

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credibility of the findings or give us some different insights. The Center for the Study of Intelligence will shortly designate an officer to devote himself for some period of time to this matter. The results of your meetings will be made available to that individual for correlation.

3. Attached for your convenience is a combined listing of the most significant recommendations of the two groups. This combined listing may serve as a useful summary of the recommendations I am asking you to consider. Since it is a summary and a combination, it should not be considered a substitute for the more detailed and separate recommendations contained in the two reports distributed by the Center.

4. The recommendations of the two seminars are of personal interest to me, and I look forward to continuing progress reports from both the addressees and the Center as regards their implementation.

E. H. Knoche

Att

Distribution:

Orig - DDA w/att
1 - DDI w/att
1 - DDO w/att
1 - DDS&T w/att

1 - OTR/CSI w/att
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1 - DDA Subject w/att (Hold)
1 - JFB Chrono w/o att

AI-DDA: [REDACTED] yc (2/23/77)

Rewritten to Change Para 2: JFBlake:der (2/24/77)

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SUMMARY OF RECOMMENDATIONS

1. Innovative Approaches to Decisionmaking

Decisionmaking authority should be delegated downward to a greater extent. In addition, interdisciplinary approaches to decisionmaking should be used to include all office-level components involved, even across directorate lines, where appropriate. Pre-decisionmaking periods should be designated to allow open discussion and dissent prior to a final decision.

2. Receptiveness of Management to Innovation

Increase the use of non-cost methods of recognition to demonstrate management's continuing interest in fostering individual initiative.

3. Improved Personnel Management

Develop programs to improve career opportunities thru better counseling, accurate evaluations, and increased rotational assignments. Periodic zero-base review of such programs will ensure effectiveness.

4. Fostering Creativity

Review the application of MBO to determine whether it stifles creativity and, if not, that it is implemented uniformly with the degree of participation necessary for success. In addition, encourage development of informal "think tanks" to allow officers to express their original idea without fear of supervisory reprisal.

5. Liaison Relationships

Take a cost/benefit approach to liaison relationships and prepare defense papers for justification to critics. In this regard, request officers volunteer ideas for alternative collection techniques to compensate for future liaison losses.

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6. Ethical Issues

Develop a canon of ethics for CIA and establish an open forum for discussion of ethical issues relating to operations. In this regard, disseminate a statement of Agency policies on covert action and other constraints under which CIA operates.

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4 FEB 1977

MEMORANDUM FOR: Acting Director of Central Intelligence

FROM : John F. Blake
Deputy Director for Administration

SUBJECT : The Second Seminar on Creativity and Ethics

1. Attached is a report on the second seminar on Creativity and Ethics in CIA sponsored by the Office of Training's Center for the Study of Intelligence on 17 and 18 January. This document has been coordinated with the participants in the seminar to assure that it properly reflects their views.

2. The report of the first seminar was sent to the participants, the members of the second seminar group, the members of the Management Advisory Group (MAG--which meets on it on 4 February), and to the top 50 officers of the Agency. With your approval, the Center would like to provide a wider distribution of the original seminar report with this report appended and a new summary covering both seminars.

3. The Center now proposes that you name an officer to be detailed to the Center full-time as a coordinating officer who would:

- a. further identify and articulate the basic issues with which the Agency should deal;
- b. begin an implementation of the recommendations of the two seminars held so far to work on a canon of ethics and hold forums to discuss ethical topics;
- c. assemble relevant materials on ethics, including the ethical standards adopted in other governmental agencies--national, state, and local--and the experiences of private industry and professional associations with such canons of ethics;

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SUBJECT: The Second Seminar on Creativity and Ethics

- d. guide a core group of officers widely representative of the Agency to discuss, on a regular but part-time basis, the basic issues identified under "a" above (selection of the core group could be done by the coordinator with the help of the Center and the participants of the first two seminars); and,
- e. write articles on aspects of ethics that could emerge from the core groups to be used in various existing training courses and circulated within the Agency.

4. The core group should probably be large enough to be representative and small enough to permit active participation of all, probably a number close to 12. It possibly should have staggered rotation as does the MAG. After the initial coordinating officer has served for a period of time, one of the core group should probably be rotated into the coordinator position at the Center (possibly by election from within) for as long as the effort was deemed worthwhile. As suggested by the first group, care should be exercised not to set any deadline for the achievement of a formal canon of ethics.

5. The Center has asked me to express its appreciation for your continued interest in this subject and will welcome your views on the recommendations contained in the two seminar reports, especially as to further actions the Center might pursue.

/s/ John F. Blake

John F. Blake

Attachment

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SUBJECT: The Second Seminar on Creativity and Ethics

APPROVE wide distribution of seminar reports:

Acting Director of Central Intelligence

Date

DISAPPROVE wide distribution of seminar reports:

Acting Director of Central Intelligence

Date

APPROVE Coordinator and Core Group on Ethics:

Acting Director of Central Intelligence

Date

Suggested Coordinator: _____

DISAPPROVE Coordinator and Core Group on Ethics:

Acting Director of Central Intelligence

Date

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4 February 1977

CENTER FOR THE STUDY OF INTELLIGENCE

Report of the Second Seminar on Creativity and Ethics in CIA

A second more representative and somewhat more junior group of Agency officers discussed the issues of creativity and ethics in a seminar on 17-18 January 1977. This group raised some important additional approaches it believes would stimulate a proper climate of creativity, provide channels for dissent, and stimulate the high ethical consciousness required of CIA employees.

New Emphases

Elements that the second group saw as of primary significance to creativity and ethics were:

- a. better vertical and cross-Directorate communication in CIA;
- b. elimination of the bureaucratic isolation of office-level components across Directorates;
- c. a clearer and continuing statement of the aims, goals, and purposes of the Agency;
- d. more feedback to individuals regarding the value of their efforts; and

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e. open forum discussions of ethical topics on a wide scale throughout the Agency as the principal means of maintaining a high degree of ethical consciousness.

The more junior group is very concerned with the state of vertical and lateral communication in the Agency. In fact, problems of communication within the Agency arose on every topic discussed. It noted that employees who are leaving for other employment frequently cite poor communication as a major reason. Lack of, or distortion of, information coming down from senior staff meetings was also cited as unnecessarily depriving lower ranking officers of the kind of stimulus they need for new approaches and creative ideas to help meet the challenges faced by the senior staffs. Staff meetings are not properly used as a positive activity to enhance communication, the group charges. A related concern of the second group was the bureaucratic isolation of office-level components, both within each Directorate and among Directorates. There was a strong endorsement of the "one-Agency" concept as correct, but not yet a fact in practice.

Among the tactics it believes would contribute to better communication and thereby improve the climate for creativity, the second group cited a profound need for better, and perhaps more importantly, the continued articulation by management of Agency aims and goals, especially

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the reasoning behind its choice of policies and objectives. Lack of effective and consistent guidance, rapid changes of senior leaders, the recurrent investigations, even a failure often clearly to halt one program when another had been picked to replace it, were cited as leading to confusion in the ranks over the "what" and "why" of Agency policy on all types of matters, and as contributing to the discouragement of initiative and creative ideas.

There was, of course, a recognition that to a degree our aims and goals are set from outside the Agency and that its senior leadership cannot in all cases spell out definitively what Agency policy in certain areas is to be. Still, the group strongly believed management must be more alert to giving what guidance it can.

More important than major alterations to the present suggestion and special achievement awards system is a more active and conscious effort at feedback of information and praise where merited for efforts conceived and executed by individual officers. By the time many programs have proved worthwhile, especially in the DDO, the officers who broke the ground and worked on the initial input have frequently long since gone on to other assignments or lost track of the value of their input. The group urged liberal use of

statements for personnel folders recognizing the contributions of employees.

To enhance ethical consciousness, the second group was more anxious to engage in open forum discussions of various aspects of ethics, both the ethics of our activities and the ethics of our management of people, than to attempt a written canon of ethics for the Agency.

The group had no important substantive disagreement with the conclusions and recommendations of the first senior officer seminar on creativity and ethics. It did, however, develop a number of its own detailed recommendations going beyond the work of the first seminar. These are included below under the discussion of each topic.

Creativity

The second group fully endorsed the conclusion of the first that we do have a rich repository of creativity and initiative in our personnel today. It questioned, however, whether the environment of the Agency today really reinforces doing things creatively. It suspected, rather, that the environment tends mainly to reinforce conventional wisdom as the proper approach. Personal initiative was once the

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watchword, but today the cumulation of rules, paper work, coordination, staffs, and the like often tends to institutionalize the avenues of inertia rather than creativity. Still, there was for the most part less concern with management and organizational constraints to creativity in the second group. Management by Objective (MBO) is viewed as not having been given a proper chance to work; it is not widely understood by Agency personnel nor uniformly applied, according to the participants. MBO, as it is now practiced in the Agency, was criticized for overstructuring and overconcentrating on reporting mechanisms no one reads. Its central weakness, according to the group, is that its current structure in the Agency cannot be depended upon to provide two things MBO was designed for: a sense of participation and better vertical communication, especially regarding our specific goals. There is also a sense in the Agency of a frenetic pace of leadership which imposes unrealistic deadlines and thus inhibits the exercise of creativity, and fails to reward its application. The Agency needs far greater flexibility in responding to creative initiatives, and needs to train its new managers to require creativity from their subordinates.

Recommendations

1. In order to foster better communication and break down the bars of isolation of office-level components:

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- Senior managers should occasionally attend the staff meetings of the next lower level to see that essential concerns are communicated and placed in the correct context. Staff meetings should be used for the positive communication channel they might be. *Good*
- Decisionmaking should involve all office-level components across Directorates that will be affected, not just the action office that will carry it out.
- Interdisciplinary and "Country Team" approaches should be used on major undertakings of the Agency to a much greater degree than at present.
- The dissemination of information within the Agency on the degree and nature of response, awards, or recognition given creative initiatives should be broadened.

2. In order to foster greater flexibility in response to creative initiative and bolster management requirements for a climate of creativity:

- Tangible rewards for creative suggestions should be provided by recognizing the achievement officially. Cash awards, where clearly applicable should be continued, but other avenues such as more employee input into rotational and future assignments as well as increases in an individual's responsibilities, might be considered as rewards for outstanding creativity. Here a distinction is drawn between excellence in doing one's job and truly creative work that goes beyond that. *Check the record*
- Letters of Instruction and Fitness Reports should reflect the duty of a supervising officer to maintain a hospitable climate for creativity and record the degree of this attained by managers. Our management training must include some instruction on how to foster a creative climate among *Should they be continued*

subordinates. The DDO "precepts" for job/grade categories should reflect the requirement for openness to new and creative ideas as a prerequisite for management/grade promotion.

3. To further enhance the climate for creative initiative:

- Provide a better articulation of Agency aims and goals, especially the reasoning behind our choice of policies and objectives.
- Encourage greater efforts at program rationalization and justification so that abandoned programs are definitely identified as such and new programs become the full focus of attention.
- Review the application of MBO to assure that it is given a fair chance, implemented uniformly, its concepts disseminated at all levels through education, and that the real participation and communication vital to MBO is exercised.
- The group endorsed the first seminar recommendation of encouraging the further development of component-level "developmental" or "think" units. It recommended "Creativity Committees" vertically organized which would permit the movement of ideas and solutions developed in such forums through to action. These would not be "bitch," but rather suggestion, forums providing an avenue above any officer's immediate superior for a hearing of a creative idea without prejudice to one's career.

Awards

A far more active program to promote feedback on the value of efforts that had been expended by personnel on specific projects is essential, according to the group, and an effective program to provide such expressions will do more to

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spur initiative than will monetary rewards. The present suggestion and special achievement awards system is healthy and was viewed by the group as a significant factor in the Agency's efforts to promote a climate of creativity. As was the case with the first group, the second was convinced of the need for better publicity of the existing program for special achievement and exceptional accomplishment awards (in contrast to cost-saving suggestions).

Recommendations

- Develop ways to channel back statements of appreciation for work well done once the value of the effort is evident.
- Increase the use of non-cost methods of recognition for work exceptionally well done, such as medals, citations, certificates, letters of commendation, etc.
- Continue and expand the present suggestion and special achievement awards system.

Foreign Liaison

The group was appalled by the possibility that outside elements--the public, the media, or Congress--could eventually force the abandonment of foreign liaison programs, especially if this were to be done in a manner dictating which foreign

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liaison relationships should be altered and how. The second group viewed it as a basic obligation incumbent upon the senior leadership of the Agency to staunchly defend our right to conduct such relationships in the manner the Agency deems most effective. The second group saw little to be gained in breaking off covert or semi-covert foreign liaison, if the U.S. officially recognized the foreign government which sanctions the existence of these police and intelligence services. Some of the senior group members had also expressed this idea. Nevertheless, the group was far less pessimistic about the effects of loss of liaison relationships, believing that stations could be operated in countries in which we had been forced to sever liaison, and believing that there were other ways to cover the losses that might be inflicted by such measures.

Recommendations

- Review intensively all liaison relationships to ensure that each is vital to our operations or collection efforts. This should include a measure of the amount we are giving and the value of what is received from the relationships, a measure of the U.S. policy relationship with the country involved, and a consideration of U.S. public opinions about the nature and policies of that country.

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- After such a review--aspects of which may already be under way--a firm defense should be made wherever the Agency is challenged by external elements to alter its liaison relationships, especially to Congress and the National Security Council.
- More can and should be done in fostering creative approaches to alternatives to liaison relationships. We should look now at what we would lose in a termination or severe curbing of a liaison relationship and adjust operating directives, planning, and activities accordingly to cover that contingency. Our recruiting patterns should be targeted with possible liaison loss in mind.

Dissent

The second group concluded that a great deal more openness is needed in Agency decisionmaking up and down the line to allow for legitimate dissent that is perceived as constructive and does not penalize the dissenter. While such an open management style now exists in some elements of the Agency, it is not uniformly present. There is general agreement on the need for broadening the decision base, while recognizing that in some sensitive programs, wide knowledge of the details would be difficult (but these are the most subject to being misapplied as attested to in MHCHAOS and the drug experiments). The group agreed with its predecessor that there is much fear of rocking the boat and personal risk involved in raising dissent within the Agency today. Integrity on all sides was seen as essential for constructive dissent. The group viewed dissent as divided into three categories: personal, policy, and organization.

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Recommendations

1. Personal Dissent: There are adequate mechanisms available for the expression of personal dissent, such as the "Godfather" (a trusted senior friend/advisor) channel, the possibility of skipping a link in the formal chain of command, EEO, guidance counseling, and, finally, the Inspector General's office.

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--Guidance counseling is the weakest link in this chain, and it should be improved by better integration of the full range of Agency assistance that can be brought to bear, including psychological, medical, training, Career Management Group, and normal office professional career guidance. The task should not be placed in the hands of the Office of Personnel because, despite helpful intentions, OP does not have the kind of knowledge about the various components that is necessary for effective guidance counseling.

2. Policy Dissent: There is a possibility of disagreement on either the wisdom or the ethics (propriety) of a policy, and the latter should not be confused with the legality of a policy. The Godfather channel can work on low-level, day-to-day minor policy matters, but it is imperfect in its degree of responsiveness and availability to all. On matters of major policy which are not time-sensitive, the A and B team approach was endorsed.

- pre-decisionmaking periods should be delineated with the factors involved in the decision spelled out, providing a period of time for thought and review of the matter by all elements involved before a formal dissent must be taken.
- Additional formal mechanisms short of appeal to the IG should be created. (NOTE: As with the first group, the second was divided, and it was about equally divided on this point.)

3. Organizational/Management Dissent: In order to provide a forum for review of management practices in an atmosphere that would be creative rather than prejudicial, a minority suggested:

- Periodic zero-based management review of each unit's work at unit conferences which would involve all employees in a reexamination of all significant facets of organizational methods and management processes.

Ethics

According to the second group, discussion and examination of ethical considerations is growing more important as we move away from a world of black and white issues (cold war approaches) to more complex new fields of intelligence operations and analytical demands. It challenged the concept that younger officers have a corner on the market of ethical concerns, believing that they have, in fact, come more to terms with the ethics of Agency operations before being

hired than did their seniors. Some felt that it is mainly the senior officers who are suffering anxieties over ethics today. The group did not profess necessarily to share the ethical considerations under which those more senior "cold warriors" of the 1950s made decisions at that time and the lingering mentality some still retain. Thus they were not eager to find a means to pass along those ethics to younger officers. The group was at pains to emphasize that what is legally permissible is not necessarily ethical. It is this latter distinction which needs considerable discussion and understanding beyond the recognized usefulness of legal guidelines.

The second group viewed ethical standards as so rapidly changing as to suggest the existence of "situational ethics" which make it impracticable and constraining to develop a set code. The group was most concerned about instilling into our officers a sense of integrity, and this underlaid its approach not only to the ethics of operational activity, but to the ethics of handling personnel and to supervisory relationships within the Agency. It agreed that we are operating on a sort of unwritten code that has built up over the years and that an effort at setting more clearly delineated standards is laudable. The group believes that espionage is essentially unethical by definition in a perfect world. However, we don't

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live in a perfect world; espionage activities are engaged in by our enemies, and thus also are necessary for us. Given this situation, the Agency, in order to keep vital and fulfill its role, must continue to think the unthinkable in order to be a step ahead of foreign adversaries.

The group as a whole did not believe the Agency should attempt to write a code of ethics because it would become a string of platitudes and a list of do's and don'ts that have already been spelled out in legal guidelines. It would also be very difficult to get a code that applied equally to all components of the Agency. Furthermore, it could not be made legally binding, because we do not have, nor should we have, the power to act as judge and jury for ourselves. And, finally, it would require constant revision. Still, the group did not fundamentally object to an attempt to work toward such a code, nor would it resist one, if written, so long as it was frequently updated. A better approach, in the belief of the participants, would be considerably more discussion and understanding by the Agency's personnel, particularly through branch managers, of the significance and ramifications of legal guidelines on CIA ethics and the integrity of its officers.

Recommendations

To heighten and encourage ethical consciousness in the Agency:

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- The legal guidelines under which the Agency now operates must be understood by all managers down to branch level, especially the interpretation and implementation of E.O. 11905 [REDACTED]
- An open forum should be established for Agency employees to discuss ethical issues such as:
 - a. legality vs. ethics,
 - b. are there ethical standards that are valid for all Directorates?
 - c. impact and implementation of new CIA constraints and guidelines.
 - d. individual responsibility vs. blind following of orders,
 - e. controversial Agency operations or practices which have been revealed to the public-- presented in a general, philosophic framework that CIA employees can understand.
- A serious reexamination of the ethical considerations involved in the handling of people within the Agency should be undertaken.

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